

**Remarks/Arguments**

Claims 1-7 are pending. Claim 7 has been added to more fully claim the subject matter that applicants regard as their invention. No new matter is believed to be added by new claim 7.

**Objection to the Drawings.**

Responsive to the objection, page 5, line 6, of the specification has been amended to read "... a bus ..." The objection is believed overcome in view of the amendment.

**Objection to the Specification.**

Responsive to the objection, page 5, line 20, of the specification has been amended to read "Certificate Authority 75 ..." As such, it is clear that the term "CA" in the specification refers to Conditional Access. The objection is believed overcome in view of the amendment.

**Rejection of claims 1-3 under 35 USC 102(b) as being anticipated by Kudelski et al. (US 5,144,663).**

Applicants submit that for the reasons discussed below present claims 1-3 are not anticipated under 35 USC 102(b) by Kudelski.

A feature of the present invention is that a service provider sends a conditional access entitlement message that is encrypted, for example, using a public key, and contains access information, including the cost of the program, associated with a program. This access information is decrypted by the smart card, for example, by using a private key associated with the smart card. In that regard, present claim 1 recites:

- (a) receiving **encrypted access information** associated with said transmitted event, said access information **comprising data corresponding to the cost of said transmitted event**;
- (b) decrypting said access information in a conditional access module;
- (c) verifying, in said conditional access module, that the cost of said transmitted event is less than a pre-stored cash reserve; (emphasis added)

Kudelski fails to disclose or suggest the above-cited limitations.

Kudelski provides a system that facilitates a dialog between a subscriber and a decoder, which memorizes information transmitted by **teletext** regarding programs. The memorized information includes for example, title, price, date of transmission, etc. The memorized information is used to provide a menu that the subscriber can use to select a program (col. 2, lines 12-45). In this regard, Kudelski discloses that the memorized information, including the cost information, is transmitted as teletext, but does not disclose or suggest that the memorized information is encrypted, or that that memorized information is decrypted in a conditional access module.

Kudelski specifically notes four functions of the CPTV - card as: decoding of the permutation key used to de-permutate the video signal (col. 6, lines 4-10); memorizing the list of numbers or codes of programs that have been purchased (col. 6, lines 11-20); management of credit (col. 6, lines 21-45); and measure of time (col. 6, lines 46-50). Kudelski further notes that the decoder may be used as a receiver of **standard teletext** (col. 8, lines 59-60). Therefore, Applicants submit that nowhere does Kudelski disclose or suggest that the access information, including cost information, is encrypted, or that the access information is decrypted in a conditional access module.

As Kudelski fails to disclose or suggest a limitation of claim 1, applicants submit that claim 1, and claims 2-3, which depend therefrom, are not anticipated by Kudelski.

**Rejection of claims 4-5 under 35 USC 103(a) as being unpatentable over Kudelski in view of Schneier, Applied Cryptography.**

Applicants submit that for the reasons discussed below present claims 4-5 are patentably distinguishable over the teachings of Kudelski in view of Schneier.

Schneier is cited as teaching a hybrid cryptosystem in which a symmetric key is distributed securely by encrypting the symmetric key with a public key at the sender and decrypting the symmetric key with the private key at the receiver. However, Schneier fails to cure the defect of Kudelski as applied to claim 1, that is, Schneier fails to disclose that access information, including cost information, is encrypted, or that the access information is decrypted in a conditional access

module. Therefore, applicants submit that the combination of Kudelski and Schneier fail to teach or suggest a limitation of claim 1, and as such, claims 4-5, which depend from claim 1, is patentably distinguishable over the cited combination.

**Rejection of claim 6 under 35 USC 103(a) as being unpatentable over Kudelski in view of Schneier and further in view of EBU Project Group, "Functional Model of a Conditional Access System."**

Applicants submit that for the reasons discussed below present claim 6 is patentably distinguishable over the teachings of Kudelski in view of Schneier and further in view of EBU Project Group.

The EBU Project Group reference is cited to show a smart card in a conditional access system may use the PCMCIA standard. However the EBU Project Group reference fails to cure the defect of Kudelski noted above, namely that access information, including price information, is encrypted, and that the access information is decrypted in a conditional access module. Therefore, Applicants submit that the combination of Kudelski, Schneier and EBU Project Group fail to teach or suggest a limitation of claim 1, and as such, claim 6, which depend from claim 1, is patentably distinguishable over the cited combination.

Having fully addressed the Examiner's rejections it is believed that, in view of the preceding amendments and remarks, this application stands in condition for allowance. Accordingly then, reconsideration and allowance are respectfully solicited. If, however, the Examiner is of the opinion that such action cannot be taken, the Examiner is invited to contact the applicant's attorney at (609) 734-6815, so that a mutually convenient date and time for a telephonic interview may be scheduled.

Respectfully submitted,

A. M. Eskicioglu.



By: Paul P. Kiel  
Attorney for Applicants  
Registration No. 40,677

THOMSON Licensing Inc.  
PO Box 5312  
Princeton, NJ 08543-5312

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Lori M. Klewin  
Lori Klewin